



U.S. Immigration
and Customs
Enforcement

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News Release

Illinois man pleads guilty to illegally wiring almost \$4 million to Iran

CHICAGO — A Lincolnwood man pleaded guilty yesterday to operating an unlicensed money-transmitting business and illegally transferring almost \$4 million to Iran, an embargoed country. This plea resulted from a joint U.S. Immigration and Customs Enforcement (ICE) and FBI investigation.

Hossein Esfahani, 45, was indicted on 193 counts in June 2005 for operating a “Hawala” and illegally transmitting \$3,918,000 to Iran between 2001 and 2005, which violated the Presidential orders issued under the International Emergency Economic Powers Act.

“Hawalas” are a form of alternative money-transmitting business, common in many Middle Eastern and African countries, through which funds can be transferred between parties based on ties of kinship and individual trust. There is not an immediate physical or electronic transfer of funds. Money changers, aka “hawaladars,” physically receive cash or funds in one country. Correspondent hawaladars in another country dispense an identical amount (minus any fees or commissions) to a recipient or a designated recipient bank account. These arrangements could be exploited by terrorist groups or other criminal organizations to transfer large sums of money across international borders undetected.

Esfahani pleaded guilty to operating an unlicensed money service business out of his Lincolnwood home from at least Oct. 27, 2001 to March 22, 2005. Esfahani also pleaded guilty to illegally transmitting \$3,918,000 to Iran over the same time period without the required license from the Treasury Department. Esfahani operated Hossein M. Esfahani Exchange, aka Esfahani Exchange, aka King Exchange from his Lincolnwood home and transmitted almost \$4 million to at least three money exchange businesses in Dubai, U.A.E., from where the funds were transmitted to Shiraz, Iran, and from there disbursed in accordance with instructions Esfahani transmitted to his agents in Iran.

Under the plea agreement, Esfahani is also obligated to a forfeiture judgment of \$481,800, which must be satisfied by the Oct. 3 sentencing date.

“Unlicensed money transmittal businesses and underground financing systems pose a real national threat,” said Elissa A. Brown, special agent-in-charge of investigations in Chicago. “Any criminal or terrorist can come to these underground businesses and have millions wired anywhere in the world with no questions asked. ICE’s goal is to identify, disrupt and ultimately dismantle these underground financing and transmittal operations.”

Esfahani was originally arrested March 22, 2005 following the court complaint. He was released with a monitored security ankle bracelet after posting a \$600,000 bond last June.

Pursuant to the International Emergency Economic Powers Act (IEEPA), President William J. Clinton signed Executive Orders prohibiting any new investments in Iran by a U.S. person. Violating IEEPA carries a potential penalty of a \$250,000 fine, 10 years imprisonment, or both.

ICE

U.S. Immigration and Customs Enforcement was established in March 2003 as the largest investigative arm of the Department of Homeland Security. ICE is comprised of four integrated divisions that form a 21st century law enforcement agency with broad responsibilities for a number of key homeland security priorities.